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THE Demand and Price SITUATION

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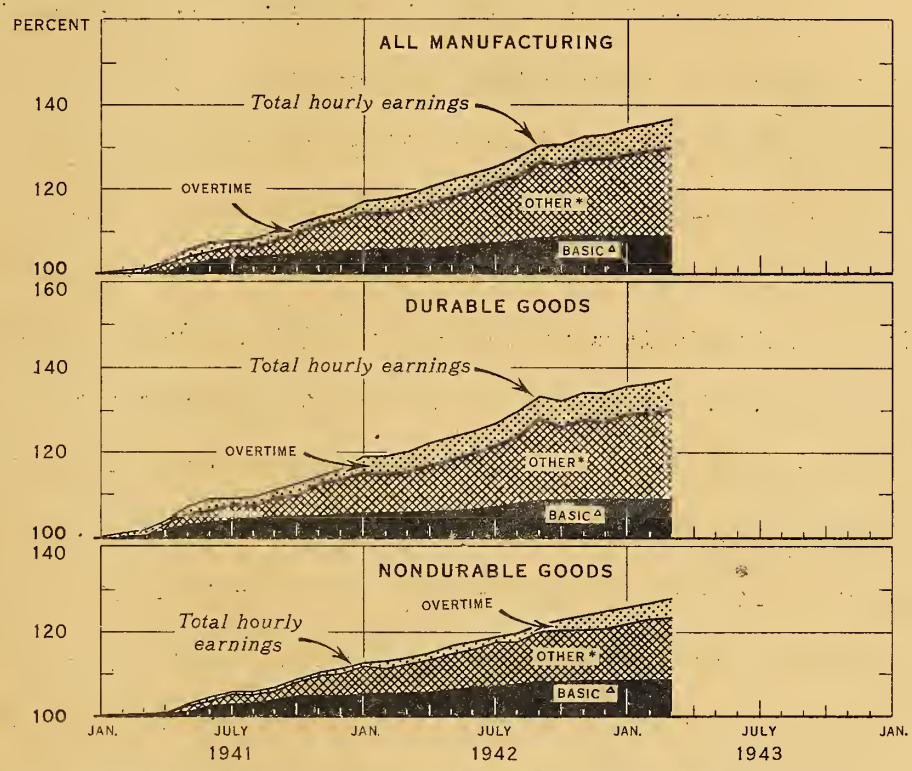
APPROXIMATE COMPOSITION OF INCREASES IN HOURLY EARNINGS OF FACTORY WORKERS, UNITED STATES, 1941-43

INDEX NUMBERS (JANUARY 1941=100)



*GHANGES MADE LARGELY ON INDIVIDUAL WORKER RATHER THAN ON GROUP BASIS. GONSISTS OF MERIT PROMOTIONS, REGLASSIFIGATION, APPRENTIGE-TRAINEE INGREASES, AND UPGRADING GENERALLY, AS WELL AS INGREASES SEGURED BY GHANGING JOBS

△GHANGES APPLYING TO GROUPS OF WORKERS RATHER THAN TO INDIVIDUAL WORKERS. EXGLUDES AUTOMATIG PROMOTIONS, MERIT INGREASES, AND UPGRADING GENERALLY

U. S. DEPARTMENT OF AGRICULTURE NEG. 43020 BUREAU OF AGRICULTURAL ECONOMICS

Wages and salaries account for about two-thirds of total consumer income and changes in them are an important factor determining the consumer demand for farm products.

Factory workers constitute the largest single group of wage earners. Since January 1941 there have been increases of about 40 percent in factory employment, 35 percent in average hourly earnings, and 15 percent in average hours worked per week. Together these have resulted in an increase of more than 100 percent in total factory pay rolls.

THE DEMAND AND PRICE OUTLOOK

The effect on prices of stronger consumer demand is expected to be limited more and more by governmental controls. A program to roll back on June 1 maximum retail prices of beef, veal, lamb, mutton, pork, butter, coffee, and vegetables to September 15, 1942 levels, by means of subsidies to processors, was announced May 7 by the Office of Price Administration. Rationing of food and some other products already is reducing competitive bidding by consumers for the supplies available to them and is easing the pressure on prices of the rationed commodities.

During the first quarter of 1943 consumer income was at an annual rate of 135 billion dollars compared with a rate of 127 billion in the preceding quarter and 106 billion in the first quarter of 1942. Personal taxes required nearly 7 billion dollars in 1942 and in 1943 may require between two and three times as much. The amount left over for the purchases of food, clothing, other goods and services, and for saving is at an annual rate 10 to 15 percent higher than a year earlier. Furthermore, income rose 1.7 times as fast during the first quarter of 1943 as it did a year earlier. In contrast to this large gain in consumer income, the physical volume of goods and services available to civilians is expected to be smaller in 1943 than in 1942, although as a result of higher average prices the value may be larger. Food supplied to domestic consumers probably will be around 6 percent less in amount this year than last.

The trend of consumer income during the next few months will depend considerably on governmental manpower and wage policies. About two-thirds of consumer income consists of salaries and wages. Some recent developments in respect to governmental manpower and wage policies will have a tendency to

increase consumer buying power, others to restrain the advance. In ordering a 48-hour week in areas and industries where labor is scarce, the average wage income of workers already employed is increased. The disposition of this excess purchasing power is important to the success of price control. Also, premium wage payments resulting from the longer work week tend to increase production costs and hence to exert pressure on prices. Wages ordinarily account for around 40 percent of the "value added by manufacture," although there is wide variation between industries. For example, wages account for around 20 percent of the value added in the manufacture of tobacco products, around 30 percent in food processing, and about 50 percent in forest products and textiles.

As an offset to the effect on wages of the trend toward a 48-hour week is the job-wage-freeze order effective April 18, designed to reduce job shoppin and pirating, respectively, on the part of employees and employers. This order was issued by the War Manpower Commission in accordance with the "hold-the-line" Executive Order 9328, dated April 8,1943. This job-wage-freeze order does not permit shifts between essential jobs purely because of wage differentials. It should cut down job-shopping by essential workers and reduce the effect of job changes on average hourly wage rates. Wage increases secured by changing jobs have been an element (probably very important) in the increases labeled "other" on the cover page chart. Fifty-six percent of the entire increase in average hourly earnings of factory workers since January 1941 is represented by these "other" increases, but the portion of these which resulted from changing jobs is not known. Further, the order does not permit group wage increases except when clearly necessary to correct substandards of living or to adjust for the 15 percent rise in living costs between January 1941 and

May 1942. Since hourly earnings, exclusive of overtime, for most groups of industrial workers already have risen more than 15 percent since January 1941 (see cover page chart), few additional group increases (labeled "basic" on the chart) would be expected under this order. However, the order will not nor is it intended to prevent pay raises due to merit increases or promotions.

From the outbreak of war in August 1939 to date, factors contributing to the increased total wage payments in the order of importance have been: Increased employment, increased average hourly earnings, and lengthened average work-week. The first two of these have been by far the more important Unemployment has now virtually disappeared so that increased employment will be less important hereafter. Future increases in wage payments, therefore, will depend largely upon changes in average hourly earnings and in further lengthening of the work-week. Room for increases due to a longer week, of course, diminish rapidly as more and more industries go on a 48-hour basis. However, during the period when the 48-hour week is being established in areas and industries employing a large number of workers the rise in hourly earnings may differ little from the rate in recent months. After the major effects on wages of compliance with the 48-hour mandatory week have been felt, the rise in average hourly wages generally may slow up considerably if the existing governmental policies are continued. Of course, the net effect on the rise in wages over the next few months of the many offsetting factors connected with governmental, manpower, and wage policies, and industrial developments cannot be accurately measured.

During the period August 1939 to date industrial wages per employed worker generally have risen faster than living costs (see cover page of Demand and Price Situation for April 1943). These increases in average

wages per worker, together with increased industrial employment since war started in August 1939, have been important factors in the general rise in demand for farm and food products to a point where, at existing prices, it exceeds available supplies. This enlarged buying power in the hands of consumers will continue to exert pressure on uncontrolled farm and food product prices but its effects may be offset by governmental action to prevent a further rise in living costs. A recent step in this direction is the "roll-back" in wholesale and retail ceiling prices of some foods announced to become effective on June 1. This is to be accomplished by means of subsidy payments to processors and dollar-and-cents ceilings at retail.

FARM INCOME AND PRICES

Prices of a growing list of farm products are at their ceilings or are approaching the maximum levels believed to be consistent with the ceilings fixed on products processed from them. However, a small number could still advance considerably within maximum limits in response to increasing consumer income and military and lend-lease demand. The general index of prices received by farmers rose three points between mid-March and April, and at 185 percent of the 1910-14 average was 23 percent above April 1942 and the highest since September 1920. Central market prices of farm products in mid-May generally were about the same as a month earlier.

The crop outlook is for smaller yields in 1943 than the record yields realized in 1942 and the March level of income probably will not be maintained on the average for the remainder of the year. However, should the average level of the first quarter be approximately maintained during the remainder of 1943, farmers would realize around 3 billion dollars more cash income from marketings than the record total of 15.4 billion received last year.

Preliminary indications are that cash income rose less than usual in April, despite some increase in the general level of farm prices. Livestock marketings remained relatively small, the usual seasonal increase in truck crop marketings has been delayed by cool weather, and income from cotton and wheat and eggs dropped more than usual. In March income from cotton was augmented considerably by receipts from new loans and income from wheat by the redemption and sale of wheat placed under loans in 1941 and 1942 at rates lower than March 1943 prices.

— May 22, 1943

COTTON

During the month ended May 13, cotton prices in the 10 spot markets fluctuated between 21.00 and 21.21 cents per pound. This range of only 1/5 cent was the narrowest of any calendar month in over 2 years. This stability results largely from joint action by the Department of Agriculture and the Office of Price Administration to stabilize the price of cotton. To achieve this stability, Commodity Credit Corporation stocks are offered for sale at 21.75 cents per pound for Middling 15/16-inch cotton stored in the Group "B" mill area of the Carolinas. This is equivalent to an average price of 21.38 cents in the 10 markets, the same that prevailed the day preceding the President's hold-the-line order. Location differentials for cotton stored elsewhere will be the same as under the 1942-43 Government loan program except as possible changes in transportation rates may require alteration. Quality differentials for rain-grown cotton of lengths up to and including 1-1/16 inches will be those prevailing in the 10 markets on April 9, and Memphis differentials on the same date will be used for the longer lengths. The various qualities of irrigated cotton will be offered for sale on bids.

As a further means of stabilizing cotton prices, the Commodity Credit Corporation has announced its intention of calling loans if particular qualities held by farmers in loan are needed to meet current requirements. No such action is contemplated if farmers now holding cotton in the loan will make their cotton available. However, the Commodity Credit Corporation stands ready to call loans should it become apparent that the supply available to mills may be sufficiently short to hinder wartime textile production.

WHEAT

A winter wheat production of 515 million bushels was indicated by the Crop Reporting Board on the basis of May 1 conditions. This is the smallest since 1935 and 6 percent below the 10-year (1932-41) average. Assuming a spring wheat acreage for harvest of 11.5 million acres, which allows for the 10-year average abandonment, and a yield equal to that of the post-drought

years 1937-41, spring wheat production would approximate 170 million bushels. With a winter wheat crop of 515 million bushels, this would indicate a total wheat crop of about 685 million bushels. Since May 1, crop conditions have been reported improved in important sections.

A crop of 685 million bushels would be considerably less than the billion-bushel total disappearance expected in 1943-44 and reduce the carry-over from an expected 600 to 625 million bushels on July 1, 1943 to about 250 million bushels on July 1, 1944. It is expected that imports of wheat from Canada will supplement domestic supplies available for feeding.

Total disappearance in 1942-43 is expected to be about a billion bushels, which reflects a record disappearance in the United States resulting from a very large disappearance for feed and commercial alcohol production. The Commodity Credit Corporation has recently purchased about 7 million bushels of wheat from Canada, which will be sold for feed as part of the 100 million bushels authorized by Congress, supplementing an earlier authorization of 125 million bushels. It is expected that the entire quantity will be sold before July 1, which with the 100 million bushels fed on farms where grown indicates a total for feed of 325 million bushels.

Wheat stocks on April 1 totaled 901 million bushels, consisting of 328 million bushels on farms, 175 million bushels in interior mills and elevators, 212 million bushels in commercial centers, 123 million bushels in merchant mills, and 63 million bushels of Commodity Credit wheat in transit and in steel and wood bins. Of the total 901 million bushels, 578 million bushels were either owned by the Commodity Credit Corporation or still under loan on April 1.

Flour ceilings continue to have a stabilizing influence on wheat prices, which on May 22 were only fractionally higher than a month earlier. Compared with the calculated wheat price equivalents of the flour ceilings, on May 22 prices at Kansas City were 3 cents above, at Minneapolis the same as the equivalent, and at Portland 3 cents below. Wheat prices continue below loan values and carrying costs, making redemptions of wheat under loan unprofitable.

FATS, OILS, AND OILSEEDS

Production of fats and oils from domestic materials in the 1942-43 crop year is now estimated at less than 11 billion pounds, nearly 1 billion pounds under the estimate of last December but about 1 billion pounds above production in 1941-42. The estimate of vegetable oil production has been reduced because of loss of soybeans still unharvested at the beginning of winter, feeding of large quantities of ground soybeans to hogs and other livestock, and an unprecendented demand for peanuts for peanut butter, peanut candy, and salted nuts. Estimated production of animal fats also is down as a result of a smaller hog and cattle slaughter in federally inspected establishments than was anticipated, a scarcity of meat scraps for rendering in Eastern areas, and a considerably smaller yield of lard per hog than in 1941-42, despite heavier weights of hogs marketed.

Reflecting lower prices for linseed meal under price ceilings announced April 19, flaxseed prices at Minneapolis declined approximately 17 cents per bushel in the latter part of April but recovered part of the loss in early May. Prices of linseed oil declined slightly. Recent large Government purchases of linseed oil for shipment to Russia for food use and the expectation of substantial Government orders for linseed oil shortening have been price-supporting factors.

Consumption of fats and oils in the drying industries declined moderately in 1942 from the record high level of 1941, principally as a result of a reduction in building activity. A further decline will occur in 1943 with indicated continuing curtailment of building activity. With quick-drying oils in short supply in 1942 but linseed oil abundant, linseed oil accounted for 85 percent of the total quantity of fats and oils used in the drying industries, the highest percentage in 12 years of record. Government control over use was extended to all drying oils in 1942. Prices of drying oils other than linseed oil have been under ceilings since December 1941.

CORN AND OTHER FEED

The 1943 growing season to date has been a little less favorable for feed crops than the early part of the 1942 season. Cool weather in the Ohio Valley and the Northeast, and drought in the Southwest, have retarded the growth of pastures in these sections. On May 1 the average conditions of pastures in the United States was 78 percent of normal compared with 83 last year and 74 for the 1932-41 average. Corn planting has made good progress in the western half of the Corn Belt, but in the eastern half planting is 1 to 2 weeks late. The size of the 1943 feed-grain crops will depend to a large extent on weather during the remainder of the season. Supplies of feed in 1943-44 are not expected to be as large in relation to livestock numbers as in 1942-43. Even with average yields, the supply per grain-consuming animal unit may be 10 to 15 percent smaller.

Corn receipts at primary markets increased from 4 to 5 million bushels weekly for the first 3 weeks of April to over 8 million bushels for the last week of April and the first week in May. Marketings for these 2 weeks were much above average, but inadequate to meet the strong demand. To maintain a large flow of corn to market and to improve the distribution, the Department of Agriculture announced on May 5 a program for calling loans on old corn and restricting stocks of corn purchased to a 45 day supply for processors and feed mixers and a 90 day supply for feeders including supplies on hand. Loans on old corn are to be paid or the corn surrendered to the Government by July 1. About two-thirds of the 55 million bushels of old corn sealed for loan is in the cash corn areas of Iowa and Illinois. The movement of some of this corn into market channels is expected as a result of this action.

The active demand for corn and other feeds is holding prices of practically all feeds at the ceilings. A maximum price of $40.00 per ton was announced April 19 for linseed meal sold by crushers at Minneapolis, with comparable ceilings at other producing points. Maximum margins to retailers of mixed feeds have been revised from a fixed margin of $7.50 per ton for all kinds of feeds to a schedule of margins varying from $5.50 to $10.00, depending on the type of feed sold.

LIVESTOCK

Prices of most grades of slaughter cattle and of hogs have declined in recent weeks following the announcement that prices for live animals would have to be adjusted to a more normal relationship to ceiling prices for beef and hog products. The decline from early April through the first week in May amounted to about 50 cents for cattle. The average price of Good grade beef steers at Chicago in early May was $15.55 compared with $16.10 a month earlier and $13.45 in May 1942. The average price of $14.65 for butcher hogs at Chicago for the week ended May 8 was about $1.00 under a month earlier but still around 75 cents higher than in early May last year. Lamb prices have fluctuated moderately in recent weeks, with average prices for Good and Choice grade wooled lambs at Chicago remaining around the 16-cent level. Prices for veal calves strengthened moderately during April, following the sharp decline that accompanied the establishment of specific ceiling prices for wholesale cuts of veal.

The recent decline in hog prices, together with the advance in the pric of corn allowed by amendment to the price ceilings on corn, has been reflected in a decline in the hog-corn price ratio. The ratio based upon Chicago averag prices for the week ended May 8 was 13.8, compared with 16.5 a year earlier and the long-time average of 11.6. Although the ratio is still somewhat above average, it is much less favorable for increasing hog production than it was a year ago.

Cattle slaughter by inspected packers declined during April, due possibly to increased purchases by local slaughterers and butchers following the issuance of temporary increases in the beef quotas of these concerns. The number of cattle slaughtered in federally inspected plants in April totaled 796,000 head, 14 percent less than in March and 17 percent less than in April 1942. The temporary beef quotas issued to the local slaughtering concerns have been suspended for the month of May in order to divert live cattle to inspected plants, from which purchases by Government procurement agencies must be made. Although inspected cattle slaughter has been running under a year ago in recent months, it has been nearly 20 percent above the average for the past 10 years. Inspected calf slaughter, however, has been running much below average.

Inspected hog slaughter during April totaled nearly 4.5 million head, a little less than in March but 6 percent more than in April last year. It was the largest inspected slaughter for the month on record. Hog marketings apparently were stimulated during the second half of April by the decline in hog prices and the possibility of live animal ceilings. The average live weight of hogs marketed at seven important Corn Belt centers increased sharply in the 2 weeks ended May 1, reflecting a large movement of hogs being fed to unusually heavy weights.

Inspected slaughter of sheep and lambs during April totaled nearly 1.5 million head, 2 percent less than in March and 7 percent less than in April last year. So far, very few early spring lambs have reached Eastern and Midwestern markets, owing to increased civilian deliveries of lamb and mutton on the West Coast, permitted to replace beef and pork in order to help relieve the meat shortage situation in that area.

WOOL

A program for Government purchase of the 1943 domestic wool clip was put into effect in April. Under Food Distribution Order 50, all domestic wools unsold by producers after April 25 must, with certain exceptions, be sold to the Commodity Credit Corporation, which is in charge of the program. Wool is handled through regular trade channels, but dealers and cooperatives now buy, handle, and sell the wool for the account of the Government. Prices to growers are based on ceiling prices less freight and handling costs. The program will result in little change in prices received by farmers as wool prices have been at or near ceiling levels during most of the past year.

Growers' representatives have asked that the Government purchase the domestic clip for the duration of the war and a suitable period thereafter. This is asked as a price stabilizing measure in view of the large stock pile of wool stored in this country by the United States and British Governments. On February 15 the Reconstruction Finance Corporation reported that such stocks totaled close to 800 million pounds (grease basis). Definite commitments beyond the 1943 clip could not be made at the present time, however, because the statutory life of the Commodity Credit Corporation has not yet been extended beyond June 1943.

The Army Quartermasters Corps has awarded orders for large quantities of wool fabrics and blankets in the past month. The current purchase is estimated to require more than 100 million pounds of wool (scoured basis) of which at least 65 percent will be domestic wool. Mill consumption of apparel wool set a new record of 12.3 million pounds per week in February compared with the 1942 average of 11 million pounds per week.

DAIRY PRODUCTS

The War Food Administration on May 1 increased the percentage of butter to be held for Government purchase from 30 to 50 percent and of Cheddar cheese from 50 to 70 percent. The new percentages will apply during May, June, and July. As production declines seasonally, it is expected that the percentages to be set aside will be decreased sharply, so that most of the butter and a large proportion of the Cheddar cheese during the seasonally low production period this fall and winter will be available for civilian use exclusively. Storage stocks of butter have been gradually increasing since about the first of April and stocks of both butter and cheese probably will increase rapidly under the revised set-aside orders as production continues to increase seasonally.

As a part of the program to stabilize the cost of living and return living costs to the September 15, 1942 level, the Office of Price Administration announced on May 7 that retail price ceilings for butter would be reduced 4 to 5 cents per pound effective June 1. To prevent the reduced prices from having an adverse effect on production, the Office of Price Administration has recommended that subsidy payments be made by the Reconstruction Finance Corporation to processors of the commodities involved. Effective May 10 specific dollars-and-cents retail price ceilings at about the present level were established for fluid milk, butter, packaged cheese, and evaporated and condensed milk in 130 cities.

POULTRY PRODUCTS

Egg production in the United States has passed the peak for this year and will decline until the seasonal low point is reached in November. But because of the much larger number of layers on farms it is likely that total egg production will continue considerably larger than a year earlier through the summer and early fall. Although the number of chickens raised this year for flock replacement purposes probably will be from 10 to 15 percent larger than in 1942, the number of layers for next fall and winter will depend a great deal on the outcome of this year's feed crops. In recent weeks the egg-feed price relationship has been the most favorable on record. This favorable relationship has resulted in an unprecedented demand for baby chicks as well as lighter than usual culling of laying flocks by farmers and has encouraged farmers to feed as well as supplies permit. And despite the limitation on the protein content of laying mashes, the rate of egg production per bird has continued about the same as a year earlier and somewhat above average.

Egg production during April was 12 percent larger than a year earlier. Much of the increase went into current consumption since the net into-storage movement of all eggs and quantities used for drying and hatching were only slightly larger than a year earlier. With storage of shell eggs limited largely to Government uses, supplies of eggs for civilians next fall and winter will be considerably below current levels though perhaps as large as a year earlier for the Nation as a whole. Price ceilings for eggs increase seasonally from June to November.

Wholesale prices of eggs increased somewhat in early May, particularly prices for the higher grade eggs at New York. Prices of current receipts at Chicago in mid-May were about 1 cent higher than in mid-April when the United States average price received by farmers was 33.7 cents per dozen compared with 25.6 cents a year earlier.

Receipts of live poultry at Midwest markets are increasing seasonally but are considerably smaller than last year. This reduction apparently is owing in part at least to heavy local consumption in that area since the number of fowl removed from laying flocks has been larger than a year earlier. Sales of young chickens from specialized producing areas have been much heavier than a year earlier, but supplies in all markets have been considerably short of the demand. Transactions in poultry have been completed at ceiling prices or above in allparts of the Nation. The Office of Price Administration is now engaged in a campaign to wipe out the "black market" which has developed in poultry.

FRUITS

Prices for fresh fruits continue at high levels. The number of cars shipped to date from this season's combined citrus crops is approximately 8 percent smaller than the number during the same period last season. However, a materially larger quantity of this year's citrus production than of last year's is being processed. The movement of apples and pears out of cold storage and the movement of frozen fruits during the first quarter of 1943 was 20 percent, 10 percent, and 11 percent larger, respectively, than was the movement of these fruits during the first 3 months of 1942.

The April 15th equivalent on-tree return to orange growers was $2.03 per box -- 109 percent of the "comparable price." Since mid-April auction prices for California Navels have continued at ceiling levels. The ceiling was adjusted upward May 1 by a seasonal differential of 56 cents per box at the f.o.b. packing house level. Auction prices for Florida oranges have strengthened since mid-April and are nearing the ceiling level.

The April 15th equivalent on-tree return to growers for grapefruit was $1.12 per box -- 135 percent of the "comparable price." A strong upward movement in city auction prices has occurred since mid-April and sales the first week of May were being made at the highest level since October 1942, at or approaching ceiling prices.

Lemon prices, 69 percent of parity on April 15th, continued downward the second half of April and first part of May. The greater than average seasonal increase in apple prices is continuing upward from the high level in mid-April of 138 percent of parity.

Carlot movement of all fresh fruits the first 3 months of 1943 is only slightly smaller than for the same period of 1942. The number of cars of citrus fruits shipped thus far this season in comparison with the same period of a year ago is one-fourth larger for Florida oranges, two-fifths smaller for California oranges, and about the same for grapefruit and lemons. The number of cars of strawberries shipped by May 15 this year was only one-third that of the same date in 1942.

Cold-storage stocks of apples on January 1, 1943 were approximately 5 million bushels larger than on January 1, 1942. However, by May 1 stocks had been reduced to 4.6 million bushels -- only 1.1 million bushels larger than on May 1, 1942 and approximately the same as the May 1, 1935-39 average holdings. The reduction in stocks of frozen fruit during the first quarter of this year was much greater than during the first quarter of 1942. April 1, 1943 holdings of these fruits, 124.4 million pounds, were only 4.4 million pounds larger than April 1 holdings a year ago, whereas January 1 stocks were 10 million pounds larger in 1943 than in 1942.

VEGETABLES

In general, vegetable prices on the terminal markets declined during the latter half of April and early May. Important exceptions were lettuce, celery, cucumbers, and beets. Carlot shipments increased from about 4,500 cars for the week ended April 3 to over 7,100 cars for the week ended May 1. Tonnage of vegetables harvested to date or now being harvested is estimated at almost 2.6 million tons, 12.5 percent below last season for the same period. Frosts and poor growing weather have delayed the season. Total acreage of all crops for which production estimates have been made is running about 12 percent lower than last season.

During the next 4 to 6 weeks commercial supplies of the following truck crops are expected to be smaller than the relatively large production for the same period last season: Onions, cabbage, cantaloups, celery, cucumbers, eggplant, and watermelons. However, supplies of carrots and snap beans are expected to be larger than last year, particularly the second early

carrot crop now coming to market from California and Arizona. This crop is estimated at 5.9 million bushels, about 80 percent above last season. Moreover, supplies of greens and other early vegetables in noncommercial areas and home gardens soon will supplement commercial supplies.

Recent intentions-to-plant reports indicate that growers of major processing crops plan for a larger acreage than last season. Intended acreage of snap beans for processing is 19 percent larger than the planted acreage last year, tomatoes for processing 2.4 percent larger, sweet corn 5 percent larger, and green peas 6 percent larger. Plantings of cucumbers for pickles are expected to be 13 percent smaller than last season and spinach in California and Texas almost 25 percent smaller. Contract acreage of cabbage, double that of last year, is about equal to the acreage of recent years and intended acreage of beets for processing is 6 percent above last season. Based on intentions to plant, the 1943 acreage of lima beans for processing is expected to be about the same as last year.

POTATOES AND SWEETPOTATOES

Potato prices continue at ceiling levels with supplies still short relative to demand at these prices. Digging has started in the second group of early States and supplies should be fairly large beginning about May 10. More than 50 percent of the early (2) crop is produced in California. Other major producing States in this group are: Alabama, Louisiana, and South Carolina. Production in these States is estimated at nearly 25 million bushels, almost 30 percent above last season. The acute potato shortage should be somewhat relieved as volume supplies begin to move from these States. However, in view of greatly expanded consumer purchasing power and the present potato shortage, it seems likely that prices will continue at ceiling levels despite larger supplies.

Shipments of sweetpotatoes dropped off considerably in April as the end of the 1942-43 shipping season approaches. Prices continued upward during late April and the early part of May, rising to an average of $5.75 per bushel on the New York wholesale market for the week ended May 1 and to $6.25 per bushel average on the Chicago wholesale market for the same week. These high prices are expected to continue until 1943-crop supplies are available. The 1943 sweetpotato crop is expected to be much larger than the crops of recent past years.

ECONOMIC TRENDS AFFECTING AGRICULTURE

INDEX NUMBERS: INDICATED BASE PERIOD = 100

YEAR AND MONTH	INDUSTRIAL PRODUCTION[1]	FACTORY EMPLOYMENT[2]	FACTORY PAY ROLLS[2]	INCOME OF INDUSTRIAL WORKERS[3]	CASH INCOME FROM FARM MARKETINGS[4]	WHOLESALE PRICES OF ALL COMMODITIES[5]	RETAIL FOOD PRICES[6]	COST OF LIVING URBAN[7]	PRICES RECEIVED BY FARMERS[8]	PRICES PAID BY FARMERS[9]	PRICES PAID BY FARMERS, INTEREST AND TAXES[9]	RATIO OF PRICES RECEIVED TO PRICES PAID INCL. INTEREST & TAXES
Base period	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1935-39*	*1910-14*	*1910-14*	*1910-14*	*1910-14*
1929	110	108	127	134	142	118	133	122	146	154	167	87
1930	91	94	103	110	113	107	126	119	126	146	160	79
1931	75	80	78	84	80	91	104	109	87	126	140	62
1932	58	68	54	[illegible]	59	80	86	93	65	108	122	53
1933	69	75	58	61	67	82	84	92	70	108	118	59
1934	75	88	74	76	79	93	94	96	90	122	128	70
1935	87	93	86	86	89	99	100	98	108	125	130	83
1936	103	101	99	100	105	100	101	99	114	124	128	89
1937	113	111	118	117	111	107	105	103	121	131	134	90
1938	89	93	91	91	96	98	98	101	95	123	127	75
1939	108	102	106	105	99	96	95	99	93	121	125	74
1940	112	110	122	119	105	98	97	100	98	122	126	78
1941	156	135	178	169	141	108	105	105	122	131	134	91
1942	181	155	258	238	188	123	124	116	157	152	152	103
1942-												
Apr.	173	150	231	218	191	122	120	115	150	151	151	99
May	174	152	241	225	188	123	122	116	152	152	152	100
June	176	154	249	234	192	122	123	116	151	152	152	99
July	178	156	267	247	192	122	125	117	154	152	152	101
Aug.	183	158	272	251	204	123	126	118	162	153	152	107
Sept.	187	160	278	255	208	124	127	118	163	154	153	107
Oct.	191	162	284	259	211	124	130	119	169	155	154	110
Nov.	195	164	301	273	224	124	131	120	169	156	155	109
Dec.	197	168	307	279	226	125	133	120	178	158	156	114
1943-												
Jan.	199	171	322	291	224	126	133	121	182	160	158	115
Feb.	202	171	315	286	240	127	134	121	178	162	160	111
Mar.[10]	208	172	314	287	260	128	137	123	182	163	161	113
Apr.[10]	205	--	--	--	--	129	--	--	185	165	162	114

[1]Federal Reserve Board, adjusted for seasonal variation.

[2]Based on Bureau of Labor Statistics data, adjusted for seasonal variation (employment adjusted by Federal Reserve and pay rolls by Bureau of Agricultural Economics). 1941 to date revised March 1943.

[3]Adjusted for seasonal variation. Includes factory, railroad, and mining employees. Revised March 1943. To convert to 1924-29 base, multiply by 78.4314 percent.

[4]Adjusted for seasonal variation.

[5]Bureau of Labor Statistics, 1926 = 100 converted to 1935-39 = 100 by multiplying by 124.069 percent.

[6]Bureau of Labor Statistics.

[7]Bureau of Labor Statistics. Index numbers of cost of goods purchased by wage earners and low-salaried workers in large cities.

[8]August 1909-July 1914 = 100.

[9]Annual figures are straight averages of 12 monthly indexes, 1928-41.

[10]Preliminary.

Note: In comparing trends between industrial production and industrial workers' income, as indicated by the above index numbers, notice should be taken of the fact that income of railway workers, as well as incomes of mining and factory workers, is included in the index of industrial workers' income, whereas the industrial production index is based on mining and manufacturing only. Similar precautions are necessary in comparing trends between industrial production and factory employment and pay rolls. Another consideration of importance is that the production index is based on volume, whereas the income indexes are affected by changes in wage rates as well as by time worked. In comparing monthly indexes it is important to keep in mind the fact that there is usually a time lag between changes in volume of production and similar changes in employment and in workers' income.

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